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December 31, 2013

Mrs. Victoria Rutson
Director, Office of Environmental Analysis
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20423

Re: Docket No. FD-35522, *CSX Transportation, Inc. –Acquisition of Easement—
Grand Trunk Western Railroad Company*

Dear Mrs. Rutson:

This letter is to inform you of the progress of, implementation of, and compliance with the mitigation measures imposed in this proceeding. CSX Transportation, Inc. (“CSXT”) acquired the easement from the Grand Trunk Western Railroad Company as of June 8, 2013.

Enclosed is a chart describing the mitigation measures, the implementation deadlines, the process, and the status. Changes in the status from the first quarter chart filed on September 30, 2013, are in red.

In compliance with voluntary mitigation measure (“VM”) 45, CSXT will close the third quarter on February 28, 2014, and send you the third quarterly report by March 31, 2014.

Due to the condition of the track at the time of acquisition, CSXT implemented slow orders on the line which reduced the speed trains were allowed to run. These slow orders caused the trains to occupy crossings longer than what would normally be required. To alleviate these delays, CSXT spent approximately \$7.6 million on ties, turnouts, and patching rail on the Elsdon Subdivision in the third quarter 2013. CSXT is scheduled to spend an additional \$7.7 million on rail, turnouts, and diamonds on the line in 2014.

In addition to the slow orders, there have been activation failures at the four crossing signals in Evergreen Park. The signals have been closing and staying closed when there is no train coming into the crossing. This has affected the mobility in the surrounding area. These

mobility issues are unacceptable and CSXT is committed to resolving the crossing signal problems as quickly as possible.

In addition to the conditions of the tracks and track structure, the signal equipment on the Elsdon Line is outdated and CSXT is planning to invest approximately \$2.3 million dollars in 2014 upgrading the signals. In the meantime, to improve the reliability of the crossings, CSXT is continuing to upgrade the track bonding of the jointed rail and reviewing the design to see what can be done to improve the existing crossings.

CSXT is working diligently to correct these signal problems. To address the the gate closings and for the safety of repair crews, CSXT has had to place slow orders on the Line causing trains to take longer moving though the crossings. CSXT has also had to temporary close roads. These closures are typically for a week, however, the 91st Street crossing was closed for longer than anticipated (almost a month) but is reopened. CSXT is trying to make sure that trains that do have to stop because of these signal issues do not block crossings. CSXT had three blocked crossing for the months of November and December. The two crossings blocked in November were due to another railroad signaling a moving CSXT that it could not cross the other railroad's line and would have to stop on the Eldon line until the other railroad's line cleared. The December blockage was a result of the train's engine failing as a result of the cold weather.

If you have any questions, please contact me.

Sincerely yours,



Melanie B. Yasbin

Attorney for CSX Transportation, Inc.

Enclosure